

Message Text

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PAGE 01 STATE 000165

70

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 COME-00 STR-04 AGR-05

CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

DOT-00 FMC-01 CG-00 OFA-01 DLOS-04 /109 R

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COMMERCE:SARLINGHOUSE

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R 010109Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION EC BRUSSELS

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E.O. 11652:N/A

TAGS:ETRD, UK, EC

SUBJECT: KRAFT LINERBOARD

REF: LONDON 19693

1. WE HAVE INFORMED API (DR. MEISTER) OF TEXT OF DOT LETTER
REGARDING CLASSIFICATION OF KRAFT LINERBOARD REPORTED REF-
TEL. SHE IN TURN HAS CHECKED WITH MILLS SHIPPING TO UK
AND CONFIRMED THAT COMPOSITION OF LINERBOARD SHIPPED
AT LEAST SINCE 1972 ESSENTIALLY HAS BEEN THE SAME
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PAGE 02 STATE 000165

COMPOSITION AS THAT SHIPPED IN 1975. ALTHOUGH US DEFINI-

TION OF WHOLLY OF SULPHATE CELLULOSE FIBER PERMITS A 20 PERCENT TOLERANCE FOR WASTE AND SEMI-CHEMICAL FIBERS VERY LITTLE OF KRAFT LINER SHIPPED IN THIS PERIOD FROM INTEGRATED MILLS HAS BEEN AT OR NEAR THE 80 PERCENT LEVEL WITH MOST BEING IN THE 90 PERCENT TO 95 PERCENT RANGE.

2. ONE US COMPANY SHIPPING TO THE UK HAS DETERMINED THAT IT BEGAN SHIPPING LESS THAN 100 PERCENT SULPHATE FIBER OWING TO USE OF CORRUGATED CLIPPINGS AS EARLY AS SEPTEMBER 1972. IN JUNE 1973 IT BEGAN USE OF THE HYDRO-PULPER PROCESS WHICH INCREASED THE AMOUNT OF NON-SULPHATE FIBER

IN ITS LINERBOARD BUT AT NO TIME HAS THIS EXCEEDED THE 20 PERCENT ALLOWABLE TOLERANCE. IN ADDITION THERE HAS BEEN NO VARIANCE IN PRICE BETWEEN ITS 100 PERCENT SULPHATE LINER AND ITS LINER WHICH CONTAINS SOME WASTE SINCE THE COMMERCIAL QUALITY OF LINER IS THE SAME IN EITHER CASE.

3. SOME FIRMS WITHOUT INTEGRATED MILLS AND WHICH USE NO WASTE FIBERS CONTINUED TO SHIP KRAFT LINER OF 100 PERCENT SULPHATE FIBER. INDEED, API HAS JUST LEARNED THAT ONE OF THESE - GREAT NORTHERN - HAS DELAYED SINCE OCTOBER SHIFTING TO A FULLY INTEGRATED OPERATION SO IT COULD CONTINUE TO SHIP 100 PERCENT SULPHATE FIBER LINER TO THE UK TO AVOID THE RISK THAT UK CUSTOMERS WOULD HAVE TO PAY THE HIGHER DUTY. NEVERTHELESS, A RECENT SHIPMENT OF 100 PERCENT LINER UPON TESTING BY HMG CUSTOMS WAS FOUND NOT TO BE WHOLLY OF SULPHATE CELLULOSE FIBER AND WAS ASSESSED THE HIGHER DUTY. THIS, OF COURSE, RAISES DOUBTS ABOUT THE CLAIM THAT HMG CUSTOMS HAS NOT CHANGED EITHER ITS DEFINITION OR ITS TESTING PROCEDURES.

4. API WOULD APPRECIATE RECEIVING DETAILS OF THE TEST PROCEDURES BEING USED BY HMG CUSTOMS AS SOON AS POSSIBLE. ACCORDING TO API THERE IS A POSSIBILITY THAT THE PROBLEM ORIGINATES IN THE TEST BEING USED. ALTHOUGH KRAFT LINER IS MANUFACTURED MAINLY FROM SOFTWOODS IT IS NORMAL TO INCLUDE A SMALL PERCENTAGE OF HARDWOODS. THIS IN NO WAY LIMITED OFFICIAL USE

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PAGE 03 STATE 000165

AFFECTS THE SULPHATE CELLULOSE FIBER CONTENT. HOWEVER, HARDWOOD PRODUCES A SHORTER-FIBER SIMILAR TO THE SHORTER-FIBER RESULTING FROM THE INCLUSION OF WASTE AND SEMI-CHEMICAL FIBERS. IF HMG CUSTOMS IS USING A TEST TO DETERMINE THE CONTENT OF SHORTER-FIBERS ON THE ASSUMPTION THAT ALL SHORTER-FIBERS ARE ACCOUNTED FOR BY THE INCLUSION OF NON-SULPHATE CELLULOSE FIBER, IT IS FAILING TO DISTINGUISH BETWEEN THE INCLUSION OF WASTE AND

HARDWOODS IN THE MANUFACTURE OF KRAFT LINER.

5. EMBASSY SHOULD DRAW ON ABOVE TO AGAIN BRING O
ATTENTION OF DOT AND/OR HMG CUSTOMS THE SERIOUSNESS WITH
WHICH WE TAKE THIS MATTER AND THE NEED TO RESOLVE IT
AS QUICKLY AS POSSIBLE. IN NOTING ASSESSMENT OF THE
HIGHER DUTY ON THE 100 PERCENT FIBER SHIPPED BY GREAT
NORTHERN, HOWEVER, YOU SHOULD AVOID GIVING ANY IMPRESSION
THAT THIS ALTERS OUR BASIC POSITION THAT THE DEFINITION
OF WHOLLY OF SULPHATE CELLULOSE FIBER PERMITS A TOLERANCE
OF 20 PERCENT WASTE OR SEMI-CHEMICAL FIBER AND THAT OUR
24:6 CONCESSION OCCURRED AT A TIME WHEN HMG CUSTOMS WAS
NOT CHALLENGING THAT DEFINITION. ROBINSON

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Disposition Approved on Date:
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